

Introduced by Senator De León
(Coauthor: Assembly Member Rendon)

February 19, 2016

An act relating to public contracts, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1465, as introduced, De León. Public contracts: 2024 Olympic Games and Paralympic Games.

Existing law provides specified requirements in awarding certain public contracts.

This bill would authorize the Governor to sign agreements with the International Olympic and Paralympic Committee, as part of the site selection process for the City of Los Angeles to become the host for the 2024 Olympic Games and Paralympic Games.

This bill would make legislative findings and declarations that, among other things, the endorsing municipality, as defined, has developed a self-sufficient bid for financing the games. This bill would authorize the Governor to enter into an agreement for the state to be jointly liable, not to exceed a specified amount, with the Organizing Committee for the Olympic Games (OCOG), as specified, for obligations of the OCOG, and for any financial deficit relating to the games, as provided.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act is known, and may be cited as, The 2024
2 Olympic Games and Paralympic Games Act.

3 SEC. 2. For purposes of this act:

4 (a) “Endorsing municipality” means the City of Los Angeles,
5 which has authorized a bid by an OCOG for selection of the
6 municipality as the site of the games.

7 (b) “Games” means the 2024 Olympic and Paralympic Games.

8 (c) “Games support contract” means a joinder agreement or a
9 similar contract executed by the Governor and containing terms
10 permitted or required by this act.

11 (d) “Joinder agreement” means an agreement entered into by
12 the Governor, on behalf of the state, and the International Olympic
13 Committee and the International Paralympic Committee setting
14 out representations and assurances by the state in connection with
15 the selection of a site in this state for the location of the games.

16 (e) “Organizing Committee for the Olympic Games” or “OCOG”
17 means a nonprofit corporation, or its successor in interest, that:

18 (1) Has been authorized by the endorsing municipality to pursue
19 an application and bid on the endorsing municipality’s behalf to
20 a site selection organization for selection as the site for the games.

21 (2) With the authorization of the endorsing municipality, has
22 executed a bid committee agreement with the United States
23 Olympic Committee regarding a bid and the bid process to host
24 the games.

25 (f) “Site selection organization” means the International Olympic
26 Committee, the International Paralympic Committee, or both, as
27 applicable.

28 SEC. 3. The Legislature finds and declares all of the following:

29 (a) The purpose of this act is to provide assurances required by
30 a site selection organization which will select a city to host the
31 games.

32 (b) Hosting the games in California is expected to generate
33 billions of dollars for the state’s economy. The OCOG, on behalf
34 of the endorsing municipality, has developed a self-sufficient bid
35 and plan for financing the games that is based on realistic and
36 conservative revenue scenarios and has budgeted sufficient funds
37 to reimburse local and regional governments for services provided
38 during the games.

1 (c) The endorsing municipality plans to host a sustainable and
2 environmentally responsible games, has committed to sports and
3 recreational opportunities for young people throughout each area
4 by planning to generate a legacy for youth programs and other
5 sports purposes in California with excess revenues from the games,
6 and plans to develop and implement a unique and broad-based,
7 cultural program.

8 (d) The endorsing municipality has involved athletes, sports
9 professionals, environmentalists, business and financial experts,
10 nonprofit organizations, youth service leaders, and individuals
11 who represent the entire diversity of the endorsing municipality's
12 area in its bid.

13 (e) The endorsing municipality expects that if it is chosen as
14 the host city, and once the games have concluded, there will be
15 net revenue exceeding expenses that can be devoted to legacy
16 programs for youth and citizens of California.

17 SEC. 4. The Governor may agree in a joinder agreement that
18 the state shall, in accordance with law and subject to Sections 5,
19 6, and 7 of this act, do the following:

20 (a) Provide or cause to be provided any or all of the state
21 government funding, facilities, and other resources specified in
22 the OCOG's bid to host the games.

23 (b) Accept liability, solely by means of the funding mechanism
24 established by Sections 5, 6, and 7 of this act, for both of the
25 following:

26 (1) Obligations of the OCOG to a site selection organization,
27 including obligations indemnifying the site selection organization
28 against claims of and liabilities to third parties arising out of or
29 relating to the games.

30 (2) Any financial deficit relating to the OCOG or the games, to
31 not exceed the amount appropriated to the Olympic Games Trust
32 Fund established in Section 5 of this act. Any liability for an
33 amount in excess of that amount shall be the responsibility of the
34 OCOG.

35 (c) Acknowledge that the OCOG will be bound by a series of
36 agreements with the site selection organization as set forth in the
37 joinder agreement.

38 (d) The Governor shall execute a joinder agreement, provided
39 that the parties conform to this act.

1 (e) A games support contract may contain additional provisions
2 the Governor requires in order to carry out the purposes of this
3 act.

4 SEC. 5. (a) There is hereby established in the State Treasury
5 a special fund to be known as the “Olympic Games Trust Fund.”

6 (b) The state may choose to fund the Olympic Games Trust
7 Fund in any manner it considers appropriate and at the time or
8 times the state determines necessary. It is the intent of the
9 Legislature that the funding mechanism for the fund shall be
10 determined on or about the time of the selection of the endorsing
11 municipality as the host city by the site selection organizations.

12 (c) The funds in the trust fund may be used only for the sole
13 purpose of fulfilling the obligations of the state under a games
14 support contract to provide adequate security as described in
15 Section 6.

16 (d) No additional state funds shall be deposited into the Olympic
17 Games Trust Fund once the Director of Finance determines that
18 the account has achieved, or is reasonably expected to otherwise
19 accrue, a sufficient balance to provide adequate security, acceptable
20 to the site selection organization, to demonstrate the state’s ability
21 to fulfill its obligations under a games support contract, or any
22 other agreement, to indemnify and insure up to two hundred fifty
23 million dollars (\$250,000,000) of any net financial deficit and
24 general liability resulting from the conduct of the games.

25 (e) If the endorsing municipality is selected by the site selection
26 organization as the host city for the games, the Olympic Games
27 Trust Fund shall be maintained until a determination by the
28 Department of Finance is made that the state’s obligations under
29 a games support contract, or any other agreement, to indemnify
30 and insure against any net financial deficit and general liability
31 resulting from the conduct of the games are satisfied and
32 concluded, at which time the trust fund shall be terminated. If the
33 endorsing municipality in the State of California is not selected
34 by the site selection organization as the host city for the games,
35 the Olympic Games Trust Fund shall be immediately terminated.

36 (f) Upon the termination of the Olympic Games Trust Fund, all
37 sums earmarked, transferred, or contained in the fund, along with
38 any investment earnings retained in the fund, shall immediately
39 revert to the General Fund.

1 SEC. 6. (a) Any moneys deposited, transferred, or otherwise
2 contained in the Olympic Games Trust Fund established in Section
3 5 shall be, upon appropriation by the Legislature, used for the sole
4 purpose of obtaining adequate security, acceptable to the site
5 selection organization, to demonstrate the state's ability to fulfill
6 its obligations under a games support contract to indemnify and
7 insure up to two hundred fifty million dollars (\$250,000,000) of
8 any general liability and net financial deficit resulting from the
9 conduct of the games. The security may be provided by moneys
10 contained in the trust fund as provided in Section 5 of this act, or
11 by insurance coverage, letters of credit, or other acceptable secured
12 instruments purchased or secured by the moneys, or by any
13 combination thereof. In no event may the liability of the state under
14 all games support contracts, any other agreements related to the
15 conduct of the games, and all financial obligations of the state
16 otherwise arising under this act, exceed two hundred fifty million
17 dollars (\$250,000,000) in the aggregate.

18 (b) Obligations authorized by this act shall be payable solely
19 from the Olympic Games Trust Fund. Neither the full faith and
20 credit nor the taxing power of the state are or may be pledged for
21 any payment under any obligation authorized by this act.

22 SEC. 7. The state shall, along with the endorsing municipality
23 and subject to the limitations set forth in Sections 5 and 6 of this
24 act, be the payer of last resort with regard to any net financial
25 deficit. The security provided pursuant to this act may not be
26 accessed to cover any general liability and net financial deficit
27 indemnified by the state under the games support contract until
28 after all of the following occur:

29 (a) The security provided by the OCOG is fully expended and
30 exhausted.

31 (b) Any security provided by any other person or entity is fully
32 expended and exhausted.

33 (c) The limits of available insurance policies covering any
34 general liability obligation and the net financial deficit, or any
35 expense or liability used in determining the net financial deficit,
36 have been fully expended and exhausted.

37 (d) Payment has been sought by the OCOG from all third parties
38 owing moneys or otherwise liable to the OCOG.

1 (e) The endorsing municipality has expended and exhausted
2 _____ dollars (\$____) of the endorsing municipality's security
3 deposit.

4 SEC. 8. The OCOG shall list the state as an additional insured
5 on any policy of insurance purchased by the OCOG to be in effect
6 in connection with the preparation for and conduct of the games.

7 SEC. 9. The OCOG may not engage in any conduct that reflects
8 unfavorably upon this state, the endorsing municipality, or the
9 games, or that is contrary to law or to the rules and regulations of
10 the United States Olympic Committee and the International
11 Olympic and Paralympic Committees.

12 SEC. 10. This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to meet deadlines for the bid process for the 2024
17 Olympic Games, it is necessary that this act go into immediate
18 effect.